

BOUNTY MINING LIMITED

BOUNTY



**March
2019**

APPENDIX 5B

**Mining exploration entity and oil and gas
exploration entity quarterly report**

16 APRIL 2019

OPERATIONS

The Cook Colliery achieved its best quarterly production since the mine was re-commissioned in January 2018. The mine produced 146k run of mine tonnes during the March 19 quarter, a 5% increase on the previous quarter. Direct mine site cash outflows were 5.6% lower than the previous quarter.

Operating Cash Inflows can be broken down as follows:

1.1 Receipts from customers	Current quarter \$A'000	Year to date (9 months) \$A'000
Receipts from sales of Coking Coal	26,002	65,285
Receipts from sales of Thermal Coal	3,247	7,893
Prepaid Sales Agreements - Receipts	0	8,554
Prepaid Sales Agreements - Repayments	(4,878)	(5,318)
Net Receipts from customers	24,371	76,414

Bounty has continued to invest in refurbishing its equipment which has resulted in improved production during the quarter. During the quarter, site management at Cook has been rationalised to increase control over plant performance and production and to reduce costs.

AMAROO FINANCING FACILITY

Bounty announced on 27 December 2018 that it had reached agreement with Amaroo Blackdown Investments Pte Ltd and Amaroo Blackdown Investments LLC (collectively the Amaroo entities or **Amaroo**) to secure a \$20,000,000 working capital facility. The combined Amaroo entities are Bounty's largest shareholder with voting power of 17.51% and are investment companies associated with Xcoal Energy & Resources GmbH ("Xcoal"), a key customer for Bounty's coal.

Under the agreement Amaroo has advanced debt to Bounty of A\$20,000,000 in four tranches of A\$5,000,000 as follows:

- 27 December 2018;
- 29 January 2019;
- 27 February 2019 (see 3.5 below);
- 8 April 2019.

The proceeds from the facility support the operation of Cook Colliery and Cook CHPP and other purposes agreed by Amaroo. As a condition precedent to the drawdown under the facility Bounty entered into a 60-day exclusivity agreement with Amaroo to allow Amaroo to undertake due diligence in relation to a broad range of potential transactions.

On 22 March Bounty obtained shareholder approval to grant security in favour of Amaroo

On 19 March Bounty announced that it had reached agreement with Amaroo to increase the funding facility to \$35m as an interim step in supporting the company until appropriate long-term funding can be put in place. The additional funding was tied to an additional exclusive period for due diligence which will end on 18 April 2019.

The drawdown of funds under the additional A\$15,000,000 facility is subject to the same conditions as the original A\$20,000,000 and additional conditions including obtaining shareholder approval for the increased facility. All funds drawn under the increased facility are due to be repaid by 31 July 2019.

GLENCORE AGREEMENTS

Bounty has reached agreement with Cook Resource Mining Pty Ltd, a subsidiary of Glencore, that the Bank Guarantee of \$10,800,000 that was due on 29 March 2019 will be deferred to 30th June 2019. This aligns with the date of the final payment of \$7,000,000 due to Glencore in relation to the Cook acquisition, the transfer of the mining leases for Cook Colliery, and the substitution by Bounty of the \$10,800,000 environmental bond. In consideration of the deferral of the Bank Guarantee, Bounty has made an advance payment of \$1,000,000 on 15 April 2019 and agreed to make a further payment of \$1,500,000 in May 2019, leaving a balance of \$4,500,000 to be paid by 30 June 2019 to complete the acquisition.

OTHER FINANCING

Bounty repaid to Lido Trading the outstanding balance of its former prepaid sales agreement, with the first tranche of US\$1,000,000 paid on 28 December 2018 and the balance of US\$1,500,000 paid on 1 February 2019 (see 3.6 below).

GENERAL

The company has not received any information that would alter the results of the previously announced JORC reports.

Bounty has kept the market informed of developments as they have occurred and will continue to meet its obligations under Listing Rule 3.1

Further information:

Jim Griffin

CEO

Bounty Mining Limited

Jim.Griffin@bounty.com.au

APPENDIX 5B
Mining exploration entity and oil and gas exploration entity
quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Bounty Mining Limited

ABN

19 107 411 067

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	24,371	76,414
1.2 Payments for		
(a) exploration & evaluation	(86)	(373)
(b) development	-	-
(c) production & distribution	(31,124)	(91,670)
(d) staff costs	(579)	(1,930)
(e) administration and corporate costs	(621)	(1,551)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	26
1.5 Interest and other costs of finance paid	(320)	(366)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	(158)
1.9 Net cash used in operating activities	(8,354)	(19,607)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(576)	(3,967)
(b) tenements (see item 10) (inc in 2.1a)	-	-
Deferred payments – Cook acquisition	-	(5,000)
(c) investments	-	-
(d) other non-current assets	(15)	(159)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	13
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash used in investing activities	(591)	(9,113)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	10,300
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	10,000	15,000
3.6 Repayment of borrowings	(2,105)	(3,519)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Financial Assurance)	-	-
3.10 Net cash provided by financing activities	7,895	21,781

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,011	8,810
4.2 Net cash used in operating activities (item 1.9 above)	(8,354)	(19,607)
4.3 Net cash used in investing activities (item 2.6 above)	(591)	(9,113)
4.4 Net cash provided by financing activities (item 3.10 above)	7,895	21,781
4.5 Effect of movement in exchange rates on cash held	78	168
4.6 Cash and cash equivalents at end of period	2,039	2,039

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	2,039	3,011
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,039	3,011

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

173

-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

12

-

Premises rent paid to former director.

8. Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Add notes as necessary for an understanding of the position</i>		
8.1 Loan facilities (Amaroo facility)	20,000	20,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

See page 2 Financing Facility for details of Amaroo facility

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	-
9.3 Production and distribution	30,036
9.4 Staff costs	776
9.5 Administration and corporate costs	635
9.6 Other - investment in plant & equipment	3,806
Other – Glencore payment in relation to Cook Acquisition and VETL repayment	7,930
9.7 Total estimated cash outflows	43,332

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EPC699, EPC997 (Minyango Project), Blackwater, Bowen Basin, Queensland (Australia)	Exploration permits	100%	100%
		EPC2334 (Wongai Project), Laura Basin, Queensland (Australia)	Exploration permit	22.5%	22.5%
		MDL375 (Minyango Project), Blackwater, Bowen Basin, Queensland (Australia)	Mineral development licence	100%	100%
		ML80173 (Minyango Project), Blackwater, Bowen Basin, Queensland (Australia)	Mining lease	100%	100%
		ML1768, ML1769, ML1799, ML7357 (Cook Mine), near Blackwater, Bowen Basin, Queensland (Australia)	Sub-leases of mining leases	100%	100%
		ML1779 (Cook Mine), near Blackwater, Bowen Basin, Queensland (Australia)	Sub-lease of 33% of mining lease	100%	100%

COMPLIANCE STATEMENT

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 16 April 2019

(CEO)

Print name: Jim Griffin